

business world. Prof. H. Dunning MacLeod, as keen a thinker and acute a critic as has written upon monetary subjects, says :

Nothing could be more extraordinary than the restoration of prosperity caused by the foundation of Law's Bank in 1716. It is probably one of the most marvellous transitions from the depths of misery to the height of prosperity in so short a space of time in the annals of any nation. And, if Law had confined himself to that, he would have been one of the greatest benefactors any nation ever had.<sup>1</sup>

But Law had much more comprehensive schemes than the creation of a bank of discount. He determined to unite into a single great monopoly the various commercial companies which had been incorporated since the discovery of America, for the purpose of trade and the extension of French influence. Courtois enumerates no less than thirty of these corporations which had been authorized during the previous century, but many of them had languished, run in debt, and been consolidated with others. Law proposed a stock company with a capital of 100,000,000 livres, divided into 200,000 shares of 500 livres each, payable in bills of state which were still at a discount of about sixty-six per cent.<sup>2</sup> The State was to pay the company an annual interest of four per cent, on the principal of the bills withdrawn by this means from circulation.

The *Compagnie d'Occident* was incorporated by a decree of August 28, 1717, registered by the Parliament on September 6th, for a duration of twenty-five years. Four companies were consolidated at the outset, which controlled the commerce of Louisiana, Canada, and the Western Coast of Africa, and the new company was to enjoy all the rights of sovereignty over the lands which it possessed. The shares, which were made out in certificates of one share or ten,

<sup>1</sup> *Theory and Practice of Banking*, II., 254.

<sup>a</sup> The variations in the coinage at this time were such as to make a statement of the value of coins an almost impossible task, but the livre may be taken in a general way as about the equivalent of the later franc—19.3 cents in United States gold coin. For a full account of the changes in the coinage system, see Shaw, 396-423.